

Auditing Procedures Report

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Issued under Public Act 2 of 1968, as amended.

Unit Name	ASH TOWNSHIP	County	MONROE	Type	TOWNSHIP	MuniCode	58-1-010
Opinion Date	Jun 18, 2008	Audit Submitted	Aug 22, 2008	Fiscal Year	03/31/08		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 964,309.00
General Fund Expenditure:	\$ 1,538,436.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 2,091,200.00
Governmental Activities Long-Term Debt (see instructions):	\$ 415,000.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	DEBORAH A.	Last Name	SABO	Ten Digit License Number	1101025211		
CPA Street Address	ONE SOUTH MONROE ST.	City	MONROE	State MI	Zip Code 48161	Telephone	+1 (734) 241-7200
CPA Firm Name	COOLEY HEHL WOHLGAMUTH	Unit's Street Address	1677 READY RD.	City	CARLETON	Zip Code	48117

ASH TOWNSHIP
Monroe County, Michigan

ANNUAL FINANCIAL REPORT
March 31, 2008

ASH TOWNSHIP

Township Officials and Board
March 31, 2008

TOWNSHIP OFFICIALS

Supervisor Robin Carmack
Clerk Michele Geiermann
Treasurer Lucille Mell

TOWNSHIP BOARD

Robin Carmack
Michele Geiermann
Lucille Mell
James Booth
Terry Wickenheiser

ASH TOWNSHIP

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March 31, 2008

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**COOLEY HEHL
WOHLGAMUTH & CARLTON**
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Independent Auditor's Report

Township Board
Ash Township
Monroe County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities each major fund, and the aggregate remaining fund information of Ash Township, Monroe County, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ash Township, Monroe County, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ash Township, Monroe County, Michigan, as of March 31, 2008, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 41 through 43, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Township Board
Ash Township

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ash Township, Monroe County, Michigan's basic financial statements. The comparative, combining, and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The comparative, combining, and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cooley Aehl Wollgamuth & Carlton

June 18, 2008

ASH TOWNSHIP

Management's Discussion and Analysis Year Ended March 31, 2008

This section of Ash Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended March 31, 2008. Please read it in conjunction with the Township's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the Township's revenues and expenditures by program for the General Fund, Special Revenue Funds, Debt Service Fund, and Proprietary Fund.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Ash Township financially as a whole. The *Government-Wide Financial Statements*, which include the Statement of Net Assets and the Statement of Activities, provide information about the activities of the Township as a whole and presents both a short-term and a long-term view of those finances. The *Fund Financial Statements* provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The *Fund Financial Statements* report the Township's operations in more detail than the *Government-Wide Financial Statements* by providing information about the Township's most significant funds - the General Fund, the Fire Equipment Fund, and the Water and Sewer Fund. The following summary illustrates how the various parts of this annual report are arranged:

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

Government-Wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

*Budgetary Information for Major Funds
(Required Supplemental Information)*

Other Supplemental Information

ASH TOWNSHIP

Management's Discussion and Analysis Year Ended March 31, 2008

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities (pages 10-12), which appear first in the Township's financial statements, report information on the Township as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two government-wide statements report the Township's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the Township's operating results. However, the Township's goal is to provide services to our residents, not generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the services provided and the safety of the public to assess the overall health of the Township.

The government-wide financial statements of the Township are divided into two categories:

Governmental activities – The governmental activities for the Township, which encompass Township services, include general government services, public safety, public works, and recreation and cultural services. Property taxes, state-shared revenue, and charges for services provide most of the funding.

Business-type activities – The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's water and sewer systems are treated as business-type activities.

Fund Financial Statements

The Township's Fund Financial Statements (pages 13-23) provide detailed information about the most significant or "major" funds - not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The Township's three types of funds, governmental, proprietary, and fiduciary use different accounting approaches as described below:

Governmental funds - Many of the Township's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Township and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation format in the financial section on pages 14 and 16.

ASH TOWNSHIP

Management's Discussion and Analysis Year Ended March 31, 2008

Fund Financial Statements (Concluded)

Proprietary fund – A Proprietary Fund is used to account for business-type activities of the Township which consists of the Water and Sewer Fund. This fund accounts for the services provided by the Township where the Township charges customers for the services it provides. This fund uses accrual accounting; the same method used by private sector business.

Fiduciary funds – An Agency Fund is used to account for assets held by the Township as an agent for the collection and disbursement of property taxes.

Government-Wide Financial Analysis

Recall that the Statement of Net Assets provides the perspective of the Township as a whole. Table 1 provides a summary of the Township's net assets as of March 31, 2008:

Table 1:

Condensed Statement of Net Assets March 31,

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$3,286,431	\$3,608,786	\$10,251,008	\$10,596,746	\$13,537,439	\$14,205,532
Capital assets, net	1,648,278	1,327,883	13,928,204	13,505,789	15,576,482	14,833,672
Total Assets	4,934,709	4,936,669	24,179,212	24,102,535	29,113,921	29,039,204
Current and other liabilities	191,902	123,085	980,716	962,199	1,172,618	1,085,284
Long-term liabilities	340,000	415,000	5,303,763	5,796,813	5,643,763	6,211,813
Total Liabilities	531,902	538,085	6,284,479	6,759,012	6,816,381	7,297,097
Net Assets						
Invested in capital						
assets, net of related debt	1,233,278	837,883	8,129,441	7,363,976	9,362,719	8,201,859
Restricted for:						
Debt service	92,131	96,779	0	3,258,629	92,131	3,355,408
Fire protection	942,173	754,739	0	0	942,173	754,739
Unrestricted	2,135,225	2,709,183	9,765,292	6,720,918	11,900,517	9,430,101
Total Net Assets	\$4,402,807	\$4,398,584	\$17,894,733	\$17,343,523	\$22,297,540	\$21,742,107

As depicted in Table 1, the Township's net assets were \$22.3 million at March 31, 2008. Of this amount, a positive \$12.1 million was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay off all of our bills *today*, including all of our noncapital liabilities we could with our current resources. The operating results of the General Fund and the Water and Sewer Fund will have a significant impact on the change in unrestricted net assets from year to year.

ASHI TOWNSHIP

Management's Discussion and Analysis Year Ended March 31, 2008

Government-Wide Financial Analysis - Concluded

The results of this year's operations for the Township as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net assets for the fiscal year ended March 31, 2008.

Table 2:

	Changes in Net Assets Years Ended March 31,					
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues						
Charges for services	\$127,673	\$215,800	\$1,558,345	\$1,393,612	\$1,686,018	\$1,609,412
Capital grants and contributions	0	0	0	0	0	0
	<u>127,673</u>	<u>215,800</u>	<u>1,558,345</u>	<u>1,393,612</u>	<u>1,686,018</u>	<u>1,609,412</u>
General revenues						
Property taxes	555,971	555,099	0	0	555,971	555,099
State grants	355,980	346,019	0	0	355,980	346,019
Special assessments and developmental fees	0	0	55,195	2,702,452	55,195	2,702,452
Interest and penalties	162,187	139,759	443,561	377,350	605,748	517,109
Other general revenues	9,448	59,390	6,965	5,150	16,413	64,540
	<u>1,083,586</u>	<u>1,100,267</u>	<u>505,721</u>	<u>3,084,952</u>	<u>1,589,307</u>	<u>4,185,219</u>
Total Revenues	1,211,259	1,316,067	2,064,066	4,478,564	3,275,325	5,794,631
Functions/Program Expenses						
Legislative	56,009	20,914	0	0	56,009	20,914
General government	444,903	376,953	0	0	444,903	376,953
Public safety	174,658	347,485	0	0	174,658	347,485
Public works	442,375	192,197	0	0	442,375	192,197
Recreation and cultural	66,675	69,478	0	0	66,675	69,478
Interest on long-term debt	22,416	26,110	0	0	22,416	26,110
Water and sewer	0	0	1,512,856	1,466,378	1,512,856	1,466,378
Total Expenses	<u>1,207,036</u>	<u>1,033,137</u>	<u>1,512,856</u>	<u>1,466,378</u>	<u>2,719,892</u>	<u>2,499,515</u>
Increase (Decrease) in Net Assets	<u>\$4,223</u>	<u>\$282,930</u>	<u>\$551,210</u>	<u>\$3,012,186</u>	<u>\$555,433</u>	<u>\$3,295,116</u>

As indicated in Table 2, the cost of all governmental activities this year was \$1,207,036. Of this amount, \$127,673 was subsidized with revenue generated from charges for services with the remaining costs financed with general revenues, which consisted mainly of property taxes and state shared revenues. The Township's governmental activities experienced an increase in net assets of \$4,223. The increase in net assets differs from the change in fund balance. A reconciliation of the change in fund balances of the governmental funds to the change in net assets appears on page 16.

ASH TOWNSHIP

Management's Discussion and Analysis Year Ended March 31, 2008

As indicated in Table 2, the cost of all business-type activities this year was \$1,512,856. The water and sewer systems are financed by charges to the Township's customers.

Fund Financial Analysis

As noted earlier, the Township uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether Ash Township is being held accountable for the resources taxpayers and others provide to it and may give more insight into the Township's overall financial health.

As the Township completed this year, the governmental funds reported a combined fund balance of \$3,178,622, which is a decrease of \$392,691 from last year. The changes by major and nonmajor funds are as follows:

	General Fund	Fire Equipment Fund	Nonmajor Funds	Total
Fund balances -				
Beginning of Year	\$2,665,327	\$754,739	\$151,247	\$3,571,313
Increase (decrease)	(574,127)	187,434	(5,998)	(392,691)
Fund balances -				
End of year	<u>\$2,091,200</u>	<u>\$942,173</u>	<u>\$145,249</u>	<u>\$3,178,622</u>

The Township's General Fund balance decrease is due to many factors. Revenues were up in 2008 by 5.37%. The primary reason for the increase in the 2008 revenue is due to an increase in licenses and permits and interest income. Also, expenditures increased by 101.04%. The increase is due to an increase in legislative, general government, public safety, public works, and recreation and cultural expenditures.

	March 31, 2008	March 31, 2007	Percent Change
Revenues			
Property taxes	\$349,451	\$352,596	0.89 %
Licenses and permits	103,609	19,782	423.75 %
State grants	355,980	346,019	2.88 %
Charges for services	1,075	1,100	(2.27)%
Interest and penalties	126,518	108,834	16.25 %
Other revenue	<u>27,676</u>	<u>86,818</u>	(68.12)%
Total Revenues	<u>\$964,309</u>	<u>\$915,149</u>	5.37%

ASH TOWNSHIP

Management's Discussion and Analysis Year Ended March 31, 2008

Fund Financial Analysis – Concluded

	March 31, 2008	March 31, 2007	Percent Change
Expenditures			
Legislative	\$ 56,009	\$ 20,914	167.81 %
General government	341,885	223,378	53.05 %
Public safety	222,014	95,393	132.74 %
Public works	478,725	229,534	108.56 %
Recreation and cultural	352,711	55,392	536.75 %
Other	87,092	140,619	(38.06)%
Total Expenditures	\$1,538,436	\$765,230	101.04 %

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires the Township Board to adopt the original budget for the upcoming fiscal year prior to April 1, the start of the fiscal year. Over the course of the year, the Township revises its budget as it attempts to deal with the unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule illustrating the Township's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

The revisions made to the original budget were relatively minor. Original budgeted revenues of \$890,500 were amended to \$925,500. The amendment of greatest impact was to other revenue (from \$29,500 to \$64,500). The original budget for expenditures was \$1,503,360. The amendments increased Township Board, roads and drains, and Social Security.

Capital Assets and Debt Administration

Capital Assets

As of March 31, 2008, the Township had \$20,859,103 invested in a broad range of capital assets, including land, building and building improvements, equipment, fire equipment, vehicles, and sewer and water lines. This amount represents a net increase (including additions and disposals) of \$1,137,382 from last year. This year's additions included construction in progress for a new fire station, office equipment, fire equipment, and the construction in progress for the water main. Depreciation for governmental activities totaled \$127,568 and depreciation for business-type activities totaled \$267,725. Detailed information regarding capital assets is included in Note 6 to the financial statements.

Debt

As of March 31, 2008, the Township had \$6,250,000 in bonds payable. The bonds payable is comprised of the following: library general obligation bonds of \$265,000; bonds for highway construction, improvement, maintenance and repair of \$150,000; and special assessment bonds of \$5,835,000. Detailed information regarding the Township's debt is included in Note 7 to the financial statements.

ASH TOWNSHIP

Management's Discussion and Analysis Year Ended March 31, 2008

Development of the 2009 Fiscal Year Budget

Ash Township officials considered many factors when setting the Township's 2009 budget. The Township used the 2008 budget as a template by reviewing the previous fiscal year's spending patterns. Thought is also given to important factors affecting the budget, such as state shared revenue, since it accounts for 34% of the Township's budgeted revenues. Total budgeted revenues are \$1,021,269. The appropriations for the majority of all of the functions of government remained fairly consistent with the previous fiscal year. The Township will continue to look to future improvements of the Township. Provisions were made to appropriate \$837,106 for roads and drains and \$213,500 for parks and recreation.

Contacting Ash Township

This financial report is designed to provide the Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate their accountability for the money it receives. If you have questions about this report or need additional information, contact Ash Township, 1677 Ready Road, P.O. Box 387, Carleton, MI 48117.

ASH TOWNSHIP

Statement of Net Assets March 31, 2008

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$1,505,153	\$2,336,273	\$3,841,426
Certificate of deposit	1,666,010	4,012,572	5,678,582
Cash with fiscal agent	0	234,443	234,443
Receivables:			
Property taxes	37,595	0	37,595
Accounts and accrued interest	59,982	390,563	450,545
Special assessments	0	3,157,141	3,157,141
Prepaid expense	0	29,217	29,217
Due from other governmental units	12,691	14,460	27,151
Internal balances	5,000	(5,000)	0
Inventory	0	81,339	81,339
Non-current assets:			
Depreciable capital assets, net	1,648,278	13,928,204	15,576,482
Total Assets	4,934,709	24,179,212	29,113,921
Liabilities			
Current liabilities:			
Accounts payable	86,238	257,959	344,197
Accrued liabilities	3,816	6,003	9,819
Accrued interest	9,093	94,357	103,450
Refundable bonds	13,183	0	13,183
Escrow	4,572	0	4,572
Due to other governmental units	0	80,040	80,040
Customer deposits	0	47,357	47,357
Bonds payable - current portion	75,000	495,000	570,000
Non-current liabilities:			
Bonds payable - non-current portion	340,000	5,303,763	5,643,763
Total Liabilities	531,902	6,284,479	6,816,381
Net Assets			
Invested in capital assets, net of related debt	1,233,278	8,129,441	9,362,719
Restricted for:			
Debt service	92,131	0	92,131
Fire protection	942,173	0	942,173
Unrestricted	2,135,225	9,765,292	11,900,517
Total Net Assets	\$4,402,807	\$17,894,733	\$22,297,540

See accompanying notes to the basic financial statements.

ASH TOWNSHIP

Statement of Activities Year Ended March 31, 2008

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
Primary government:			
Governmental activities:			
Legislative	\$56,009	\$0	\$0
General government	444,903	33,930	0
Public safety	174,658	83,581	0
Public works	442,375	10,162	0
Recreation and cultural	66,675	0	0
Interest on long-term debt	22,416	0	0
Total Governmental Activities	1,207,036	127,673	0
Business-type activities:			
Water and Sewer	1,512,856	1,558,345	0
Total Primary Government	<u>\$2,719,892</u>	<u>\$1,686,018</u>	<u>\$0</u>

General Revenues:

Property taxes
State grants
Special assessments and developmental fees
Interest and penalties
Other revenue

Total General Revenues

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets Primary Government		
Governmental Activities	Business-type Activities	Total
(\$56,009)	\$0	(\$56,009)
(410,973)	0	(410,973)
(91,077)	0	(91,077)
(432,213)	0	(432,213)
(66,675)	0	(66,675)
(22,416)	0	(22,416)
(1,079,363)	0	(1,079,363)
0	45,489	45,489
(1,079,363)	45,489	(1,033,874)
555,971	0	555,971
355,980	0	355,980
0	55,195	55,195
162,187	443,561	605,748
9,448	6,965	16,413
1,083,586	505,721	1,589,307
4,223	551,210	555,433
4,398,584	17,343,523	21,742,107
\$4,402,807	\$17,894,733	\$22,297,540

ASH TOWNSHIP

Governmental Funds Balance Sheet March 31, 2008

	General	Fire Equipment	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$694,933	\$713,711	\$96,509	\$1,505,153
Certificate of deposit	1,403,170	217,840	45,000	1,666,010
Receivables:				
Property taxes	23,233	10,622	3,740	37,595
Accounts and accrued interest	59,982	0	0	59,982
Due from other funds	5,000	0	0	5,000
Due from other governmental units	12,691	0	0	12,691
 Total Assets	 <u>\$2,199,009</u>	 <u>\$942,173</u>	 <u>\$145,249</u>	 <u>\$3,286,431</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$86,238	\$0	\$0	\$86,238
Accrued payroll	3,816	0	0	3,816
Escrow	17,755	0	0	17,755
 Total Liabilities	 107,809	 0	 0	 107,809
Fund Balances				
Reserved for debt service	0	0	100,249	100,249
Reserved for cemetery repairs	6,140	0	0	6,140
Unreserved:				
Undesignated, reported in:				
General Fund	2,085,060	0	0	2,085,060
Special Revenue Funds	0	942,173	45,000	987,173
 Total Fund Balances	 <u>2,091,200</u>	 <u>942,173</u>	 <u>145,249</u>	 <u>3,178,622</u>
 Total Liabilities and Fund Balances	 <u>\$2,199,009</u>	 <u>\$942,173</u>	 <u>\$145,249</u>	 <u>\$3,286,431</u>

See accompanying notes to the basic financial statements.

ASH TOWNSHIP

*Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
Year Ended March 31, 2008*

Total Fund Balances - Governmental Funds			\$3,178,622
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds:			
Cost of the capital assets		\$3,174,800	
Accumulated depreciation		<u>(1,526,522)</u>	
			1,648,278
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:			
Accrued interest		(9,093)	
Bonds payable		<u>(415,000)</u>	
			<u>(424,093)</u>
Total Net Assets - Governmental Activities			<u><u>\$4,402,807</u></u>

See accompanying notes to the basic financial statements.

ASH TOWNSHIP

*Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended March 31, 2008*

	General	Fire Equipment	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$349,451	\$156,619	\$54,662	\$560,732
Licenses and permits	103,609	0	0	103,609
State grants	355,980	0	0	355,980
Charges for services	1,075	0	0	1,075
Interest and penalties	126,518	33,344	2,325	162,187
Other revenue	27,676	0	0	27,676
Total Revenues	964,309	189,963	56,987	1,211,259
Expenditures				
Legislative	56,009	0	0	56,009
General government	341,885	0	0	341,885
Public safety	222,014	2,529	0	224,543
Public works	478,725	0	0	478,725
Recreation and cultural	352,711	0	0	352,711
Other	87,092	0	0	87,092
Debt service	0	0	62,985	62,985
Total Expenditures	1,538,436	2,529	62,985	1,603,950
Net Change in Fund Balances	(574,127)	187,434	(5,998)	(392,691)
Fund Balances - Beginning of year	2,665,327	754,739	151,247	3,571,313
Fund Balances - End of year	<u>\$2,091,200</u>	<u>\$942,173</u>	<u>\$145,249</u>	<u>\$3,178,622</u>

See accompanying notes to the basic financial statements.

ASH TOWNSHIP

*Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended March 31, 2008*

Net Change in Fund Balances - Total Governmental Funds		(\$392,691)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense.		
Depreciation expense	(\$127,568)	
Capital outlay	<u>447,243</u>	319,675
Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid.		1,519
Adjustment of capital assets not reported in governmental funds.		720
Repayments of long term debt are an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt).		<u>75,000</u>
Change in Net Assets of Governmental Activities		<u>\$4,223</u>

See accompanying notes to the basic financial statements.

ASH TOWNSHIP

Proprietary Fund Statement of Net Assets March 31, 2008

	Business-type Activities Enterprise Fund Water and Sewer Fund
Assets	
Current Assets:	
Cash	\$2,336,273
Certificates of deposit	4,012,572
Cash with fiscal agent	234,443
Receivables - accounts	390,563
Receivables - special assessments	3,157,141
Prepaid expense	29,217
Due from other governmental units	14,460
Inventory	81,339
Total Current Assets	10,256,008
Capital Assets:	
Water mains and hydrants	15,431,480
Water service connections	728,387
Water meters	66,588
Sewer gathering lines/pump station	1,112,105
Sewer service connections	15,887
Building	139,145
Other equipment	96,440
Construction in progress	94,271
	17,684,303
Less: Accumulated depreciation	(3,756,099)
Net Capital Assets	13,928,204
Total Assets	24,184,212

See accompanying notes to the basic financial statements.

	Business-type Activities Enterprise Fund Water and Sewer Fund
Liabilities	
Current liabilities:	
Accounts payable	\$257,959
Accrued liabilities	6,003
Accrued interest	94,357
Due to other governmental units	80,040
Due to other funds	5,000
Customer deposits	47,357
Bonds payable - current portion	495,000
Total Current Liabilities	985,716
Non-current liabilities:	
Bonds payable - non-current portion - (net of amortized bond discount)	5,303,763
Total Liabilities	6,289,479
Net Assets	
Invested in capital assets, net of related debt	8,129,441
Unrestricted	9,765,292
Total Net Assets	\$17,894,733

ASH TOWNSHIP

Proprietary Fund
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended March 31, 2008

	Business-type Activities Enterprise Fund Water and Sewer Fund
Operating Revenues	
Charges for services:	
Metered water sales	\$1,059,963
Sewer service charges	119,688
Maintenance fees	92,969
Water connection fees	231,625
Collection fees	22,353
	1,526,598
Penalties	13,277
Other revenue	18,470
	1,558,345
Operating Expenses	
Sources of supply:	
Wages	7,723
Contracted services	95,660
Utilities	9,214
Operating supplies	15,953
Water purchase	411,269
Depreciation	24,005
	563,824
Water transportation:	
Wages	52,284
Contracted services	121,048
Operating supplies	44,589
Engineering	8,584
Depreciation	220,713
	447,218
Sewer transportation:	
Wages	3,583
Contracted services	10,266
Operating supplies	1,119
Depreciation	22,242
	37,210

See accompanying notes to the basic financial statements.

ASH TOWNSHIP

Proprietary Fund

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Year Ended March 31, 2008

	Business-type Activities Enterprise Fund Water and Sewer Fund
Operating Expenses (continued)	
Meter maintenance:	
Wages	\$6,713
Contracted services	1,871
Operating supplies	24,968
Depreciation	765
	<u>34,317</u>
Office and administration:	
Wages	84,499
Fringe benefits	18,855
Retirement	44,101
Contracted services	15,616
Professional fees	13,934
Office supplies and maintenance	17,622
Telephone	3,950
	<u>198,577</u>
Total Operating Expenses	<u>1,281,146</u>
Total Operating Income (Loss)	277,199
Non-Operating Revenues (Expenses)	
Capital recovery fees	55,195
Meter rental fees	4,375
Hydrant rental fees	2,590
Interest	443,561
Other	(337)
Interest expense	(227,471)
Paying agent fees	(1,952)
Amortization	(1,950)
	<u>274,011</u>
Total Non-Operating Revenues (Expenses)	<u>274,011</u>
Change in Net Assets	551,210
Net Assets - Beginning of Year	<u>17,343,523</u>
Net Assets - End of Year	<u>\$17,894,733</u>

See accompanying notes to the basic financial statements.

ASH TOWNSHIP

Proprietary Fund Statement of Cash Flows Year Ended March 31, 2008

	Business-type Activities Enterprise Fund Water and Sewer Fund
Cash Flows from Operating Activities	
Receipts from customers	\$1,393,535
Customer deposits	2,999
Payments to suppliers	(993,048)
Payments to employees	(154,802)
Net cash provided (used) by operating activities	248,684
Cash Flows from Noncapital Financing Activities	
Special assessments	807,107
Capital recovery fees and rental fees	62,160
Other	(337)
Net cash provided (used) from noncapital financing activities	868,930
Cash Flows from Capital and Related Financing Activities	
Acquisition of capital assets	(690,140)
Bond proceeds net of bond discount	0
Principal payments on bonds payable	(345,000)
Interest paid	(232,541)
Paying agent fees	(1,952)
Net cash provided (used) for capital and related financing activities	(1,269,633)
Cash Flows from Investing Activities	
Interest income	443,561
Net Increase (Decrease) in Cash and Cash Equivalents	291,542
Cash and Cash Equivalents - Beginning of Year	6,291,746
Cash and Cash Equivalents - End of Year	\$6,583,288

See accompanying notes to the basic financial statements.

ASH TOWNSHIP

*Proprietary Fund
Statement of Cash Flows
Year Ended March 31, 2008*

	Business-type Activities <u>Enterprise Fund</u> Water and Sewer Fund
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income (loss)	\$277,199
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation	267,725
Changes in operating assets and liabilities:	
(Increase) decrease accounts receivable	(129,117)
(Increase) decrease prepaid expenses	(29,217)
(Increase) decrease due from other funds	3,375
(Increase) decrease due from other governments	(12,205)
(Increase) decrease inventory	1,739
Increase (decrease) accounts payable	(108,201)
Increase (decrease) accrued liabilities	1,250
Increase (decrease) customer deposits	2,999
Increase (decrease) due to other funds	(4,402)
Increase (decrease) due to other governments	(22,461)
Net Cash Provided by Operating Activities	<u>\$248,684</u>

See accompanying notes to the basic financial statements.

ASH TOWNSHIP

Agency Fund
Statement of Fiduciary Net Assets
March 31, 2008

	<u>Tax Collection</u>
Assets	
Cash	<u>\$18,704</u>
Total Assets	<u><u>\$18,704</u></u>
 Liabilities	
Due to State of Michigan	\$1,893
Due to Monroe County	3,349
Due to school districts	713
Due to other governmental units	12,691
Due to others	<u>58</u>
Total Liabilities	<u><u>\$18,704</u></u>

See accompanying notes to the basic financial statements.

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2008

Note 1 Description of the Township and Reporting Entity

The Township operates under a locally elected five member Board form of government and provides the following services: public safety, roads and drains, recreation and culture, public improvements, planning and zoning, water and sewer services, and general administrative services.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township.

Component units are legally separate organizations for which the Township is financially accountable. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt, or the levying of taxes. The Township does not have any component units.

Note 2 Summary of Significant Accounting Policies

The financial statements of Ash Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Council (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Township also applies Financial Accounting Standards Council (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the Township's accounting policies.

Basis of Presentation

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities which rely, to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes, intergovernmental payments, sales of property, and other items not properly included among program revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and agency funds, even though the latter are excluded from the government-wide financial statements. Major governmental funds and the individual enterprise fund are reported as separate columns in the fund financial statements.

ASH TOWNSHIP

Notes to Financial Statements *Year Ended March 31, 2008*

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Governmental fund expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

On the governmental funds statements, property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

Agency fund statements also are reported using the economic resources measurement focus and the cash basis of accounting.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. The General Fund accounts for all financial resources of the Township, except those required to be accounted for in another fund.

The Fire Equipment Fund is a special revenue fund. The Fire Equipment Fund accounts for proceeds from a tax millage to be used for the purpose of purchasing and acquiring fire trucks, equipment, and materials.

The Township reports the following major proprietary fund:

The Water and Sewer Fund accounts for the provision of water and sewer services to residents of the Township.

The Township reports the following nonmajor governmental funds:

The Budget Stabilization Fund and the Library Debt Service Fund.

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2008

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Property Tax Receivable - Property taxes are assessed as of December 31 and the related property taxes become a lien on July 1 and December 1 of the following year. Summer taxes are considered delinquent July 31 and Winter taxes are considered delinquent February 14 of the following year.

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond March 31, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. sewer lines, roads etc.) are reported in the applicable governmental or business-type activities columns of the government-wide financial statements. Capital assets are defined by the Township as assets with an individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost when actual cost information is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Buildings Improvements	20-50 years
Machinery and Equipment	3-10 years
Vehicles	5-8 years
Sewer Lines	50 years

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2008

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." These amounts are eliminated in the governmental activities column of the statement of net assets. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Accrued Liabilities and Long-Term Obligations - In the government-wide financial statements and proprietary fund financial statements, long-term debts, notes, and other obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund types statement of net assets.

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans that are paid from governmental funds are recognized as an expenditure on the governmental fund financial statements when due.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

Interfund Transactions - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Fund Balance Reserves and Designations - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Compensated Absences - The Township does not have a personnel policy for unpaid vacation and sick pay; therefore, the Township does not accrue a liability for vacation and sick pay.

- D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2008

Note 2 Summary of Significant Accounting Policies (Concluded) Basis of Presentation (Concluded)

- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Township and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2008.
- F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Township Board at the function level. Any budgetary modifications may only be made by the Township's Board.

The Township follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

1. Prior to March 31, the fiscal officer submits to Township Board a proposed operating budget for the fiscal year commencing on April 1.
2. A public hearing is conducted during June to obtain taxpayer comments.
3. Prior to March 31, the budget is legally enacted through passage of a resolution.
4. During the year the budget is monitored, and amendments to the budget deemed necessary are approved by the Township Board.
5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. Lapsing of Appropriations - At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.

Note 3 Stewardship, Accountability and Compliance

The Township shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State Law for the General and Special Revenue Funds. Even though not required by State Law, the Township adopts a budget for the Debt Retirement Fund.

In the required supplemental information, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2008

Note 4 Deposits

Statutes authorize the Township to invest in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency. Public funds of the Township may not be deposited in financial institutions located in states other than Michigan.

Public Act 367 of 1982 (known as the Surplus Funds Investment Pool Act) enables municipalities to invest surplus operating funds in investment pools managed by qualified financial institutions. At March 31, 2008, Ash Township had invested in such a fund with a local bank. The Township is able to retrieve these funds without restriction and, accordingly, this amount is considered to be available cash. The local bank invests these funds in a variety of instruments including bonds and direct obligations of the United States, certificates of deposit, commercial paper rated within the three highest classifications by not less than two standard rating services, United States government or federal agency obligation repurchase agreements and bankers acceptances of the United States banks.

The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, and since State of Michigan legislation does not require that all deposits be collateralized, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk at each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The Board has adopted an investment policy authorizing certain types of investments and authorized three depositories: Monroe Bank and Trust, Comerica Bank, and LaSalle Bank.

Interest rate risk. The Township's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The Township will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities listed in the Township's investment policy.

Concentration of credit risk. The Township does not place any limits on the amount the Township may deposit or invest in any one issuer.

Custodial credit risk. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned or the Township will not be able to recover the collateral securities in the possession of an outside party. The Township has \$10,049,667 invested in certificates of deposit, checking accounts, and money markets. The Township's deposits are insured by the FDIC in the amount of \$300,000, with uninsured deposits of \$9,749,667. The Township's deposits are at institutions with an established record of fiscal health and service. The Township Board approves and designates a list of authorized depository institutions. The Township's investment policy does not address deposit risk.

Foreign currency risk. The Township is not authorized to invest in investments which have this type of risk.

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2008

Note 5 Interfund Payables and Receivables

Interfund balances at March 31, 2008, consisted of the following individual fund receivables and payables:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund:		
Enterprise Fund:		
Water and Sewer Fund	\$5,000	
Enterprise Fund:		
Water and Sewer Fund:		
General Fund		\$5,000
	<u>\$5,000</u>	<u>\$5,000</u>

Note 6 Capital Assets

A summary of changes in capital assets follows:

	<u>Balance April 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2008</u>
Governmental Activities:				
Assets not being depreciated:				
Land	\$70,000	\$115,000	\$0	\$185,000
Construction in progress	22,119	21,042	0	43,161
Capital assets being depreciated:				
Building and building improvements	1,292,915	304,541	0	1,597,456
Fire trucks	786,782	0	0	786,782
Fire equipment	464,233	6,660	0	470,893
Other equipment	91,508	0	0	91,508
	<u>2,635,438</u>	<u>311,201</u>	<u>0</u>	<u>2,946,639</u>
Total capital assets	2,727,557	447,243	0	3,174,800
Less accumulated depreciation for:				
Building and building improvements	(386,149)	(30,873)	0	(417,022)
Fire trucks	(679,307)	(35,825)	0	(715,132)
Fire equipment	(257,971)	(52,336)	0	(310,307)
Other equipment	(75,527)	(8,534)	0	(84,061)
	<u>(1,398,954)</u>	<u>(127,568)</u>	<u>0</u>	<u>(1,526,522)</u>
Total accumulated depreciation	(1,398,954)	(127,568)	0	(1,526,522)
Net capital assets	<u>\$1,328,603</u>	<u>\$319,675</u>	<u>\$0</u>	<u>\$1,648,278</u>

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2008

Note 6 Capital Assets (Concluded)

Depreciation expense was charged to governmental functions as follows:

General government	\$ 18,231
Public safety	92,817
Recreation and cultural	<u>16,520</u>
Total governmental activities	<u>\$127,568</u>

	Balance April 1, 2007	Additions	Deletions	Balance March 31, 2008
Business-type Activities:				
Assets not being depreciated:				
Construction in progress	\$3,813,506	\$691,126	\$4,410,361	\$94,271
Capital assets being depreciated:				
Water mains and hydrants	11,022,106	4,410,361	987	15,431,480
Water service connections	728,387	0	0	728,387
Water meters	66,588	0	0	66,588
Sewer gathering lines	1,112,105	0	0	1,112,105
Sewer service connections	15,887	0	0	15,887
Building	139,145	0	0	139,145
Equipment	96,440	0	0	96,440
Total capital assets	16,994,164	5,101,487	4,411,348	17,684,303
Less accumulated depreciation for:				
Water mains and hydrants	(2,587,846)	(220,713)	0	(2,808,559)
Water service connections	(185,948)	(14,568)	0	(200,516)
Water meters	(61,520)	(765)	0	(62,285)
Sewer gathering lines	(553,392)	(22,242)	0	(575,634)
Sewer service connections	(8,332)	(335)	0	(8,667)
Building	(9,277)	(3,479)	0	(12,756)
Equipment	(82,059)	(5,623)	0	(87,682)
Total accumulated depreciation	(3,488,374)	(267,725)	0	(3,756,099)
Net capital assets	<u>\$13,505,790</u>	<u>\$4,833,762</u>	<u>\$4,411,348</u>	<u>\$13,928,204</u>

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2008

Note 7 Long-Term Debt

Library General Obligation Bonds (unlimited tax) were issued by Ash Township to pay the cost of erecting, furnishing, and equipping a new public library building. These bonds are payable out of property taxes levied for Library Debt Service. The Library Debt Service Fund reflects the payment of this liability.

Act 143 Notes, Series 2002 Michigan Transportation Fund Bonds were issued by the Monroe County Road Commission to pay for the purpose of defraying part of the cost of construction, improvement, maintenance and repair of certain highways in the County. The original issue was \$3,500,000 with the Township's share equaling \$300,000. Ash Township is financing their portion of these costs through the General Fund. The General Fund reflects the payment of this liability.

1996 Special Assessment Bonds (limited tax obligation) were issued by Ash Township to pay for the construction of water supply improvements in special assessment districts number six and seven. These bonds are being financed through a special assessment levied against homeowners benefitting from the construction. The Water and Sewer Fund reflects the payment of this liability.

1997 Special Assessment Bonds (limited tax obligation) were issued by Ash Township to pay for the construction of water supply improvements in special assessment districts number eight and nine. These bonds are being financed through a special assessment levied against homeowners benefitting from the construction. The Water and Sewer Fund reflects the payment of this liability.

1998A Special Assessment Bonds (limited tax obligation) were issued by Ash Township to pay for the construction of water supply improvements in special assessment districts number ten and eleven. These bonds are being financed through a special assessment levied against homeowners benefitting from the construction. The Water and Sewer Fund reflects the payment of this liability.

1998B Special Assessment Bonds (limited tax obligation) were issued by Ash Township to pay for the construction of water supply improvements in special assessment district number twelve. These bonds are being financed through a special assessment levied against homeowners benefitting from the construction. The Water and Sewer Fund reflects the payment of this liability.

2003 Special Assessment Bonds (limited tax obligation) were issued by Ash Township to pay for the construction of water supply improvements in special assessment district number fourteen. These bonds are being financed through a special assessment levied against homeowners benefitting from the construction. The Water and Sewer Fund reflects the payment of this liability.

2006 Special Assessment Bonds (limited tax obligation) were issued by Ash Township to pay for the construction of water supply improvements in special assessment district number sixteen, seventeen, eighteen, and nineteen. These bonds are being financed through a special assessment levied against homeowners benefitting from the construction. The Water and Sewer Fund reflects the payment of the liability.

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2008

Note 7 Long-Term Debt (Continued)

The following is a summary of changes in long-term debt as of March 31, 2008:

	<u>Balance April 1, 2007</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance March 31, 2008</u>	<u>Due Within One Year</u>
Governmental activities:					
Library General Obligation Bonds (unlimited tax): \$690,000 issue dated February 1, 1993, maturing in annual amounts from \$15,000 to \$60,000 and bearing interest at rates from 3.75% to 6.20%.	\$ 310,000	\$ -	\$ 45,000	\$ 265,000	\$ 45,000
Act 143 Notes, Series 2002 Michigan Transportation Fund Bonds: \$3,500,000 issue dated August 1, 2002. Ash Township's portion is 8.57% or \$300,000 maturing in annual amounts of \$30,000 annually and bearing interest rates from 2.750% to 4.000%.	<u>180,000</u>	<u>-</u>	<u>30,000</u>	<u>150,000</u>	<u>30,000</u>
Total governmental activities	<u>490,000</u>	<u>-</u>	<u>75,000</u>	<u>415,000</u>	<u>75,000</u>
Business-type activities:					
1996 Special Assessment Bonds (limited tax): \$560,000 issue dated June 1, 1996, maturing \$40,000 annually and bearing interest rates from 5.10% to 5.80%.	200,000	-	40,000	160,000	40,000
1997 Special Assessment Bonds (limited tax): \$295,000 issue Dated June 1, 1997, maturing in annual amounts from \$25,000 for the first three years and \$20,000 annually thereafter and bearing an interest rate of 5.25%.	120,000	-	20,000	100,000	20,000

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2008

Note 7 Long-Term Debt (Continued)

	Balance April 1, 2007	Additions	Retired	Balance March 31, 2008	Due Within One Year
Business-type activities:					
1998A Special Assessment Bonds (limited tax): \$785,000 issue dated September 1, 1998, maturing in annual amounts of \$15,000 for the first year and \$55,000 annually thereafter and bearing an interest rate of 4.00%.	\$ 385,000	\$ -	\$ 55,000	\$ 330,000	\$ 55,000
1998B Special Assessment Bonds (limited tax): \$750,000 issue dated November 1, 1998, maturing in annual amounts of \$15,000 for the first year and \$50,000 to \$55,000 thereafter and bearing an interest rate of 4.20%.	370,000	-	50,000	320,000	50,000
2003 Special Assessment Bonds (limited tax): \$3,000,000 issue dated January 1, 2003, maturing in annual amounts from \$155,000 to \$285,000 and bearing interest rates from 2.250% to 4.125%.	2,505,000	-	180,000	2,325,000	190,000
2006 Special Assessment Bonds (limited tax): \$2,600,000 issue dated November 1, 2006, maturing in annual amounts from \$135,000 to \$140,000 and bearing interest rates from 3.550% to 4.000%.	<u>2,600,000</u>	<u>-</u>	<u>-</u>	<u>2,600,000</u>	<u>140,000</u>
Total business-type activities	<u>6,180,000</u>	<u>-</u>	<u>345,000</u>	<u>5,835,000</u>	<u>495,000</u>
Total long-term debt	<u>\$6,670,000</u>	<u>\$ -</u>	<u>\$420,000</u>	<u>\$6,250,000</u>	<u>\$570,000</u>

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2008

Note 7 Long-Term Debt (Continued) Library General Obligation Bonds (Unlimited Tax)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2009	\$ 45,000	\$14,885	\$ 59,885
2010	50,000	12,010	62,010
2011	55,000	8,808	63,808
2012	55,000	5,425	60,425
2013	<u>60,000</u>	<u>1,860</u>	<u>61,860</u>
	<u>\$265,000</u>	<u>\$42,988</u>	<u>\$307,988</u>

Act 143 Notes, Series 2002 Michigan Transportation Fund Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2009	\$ 30,000	\$ 5,306	\$ 35,306
2010	30,000	4,181	34,181
2011	30,000	3,000	33,000
2012	30,000	1,800	31,800
2013	<u>30,000</u>	<u>600</u>	<u>30,600</u>
	<u>\$150,000</u>	<u>\$14,887</u>	<u>\$164,887</u>

1996 Special Assessment Bonds (Limited Tax)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2009	\$ 40,000	\$ 8,120	\$ 48,120
2010	40,000	5,800	45,800
2011	40,000	3,480	43,480
2012	<u>40,000</u>	<u>1,160</u>	<u>41,160</u>
	<u>\$160,000</u>	<u>\$18,560</u>	<u>\$178,560</u>

1997 Special Assessment Bonds (Limited Tax)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2009	\$ 20,000	\$ 4,725	\$ 24,725
2010	20,000	3,675	23,675
2011	20,000	2,625	22,625
2012	20,000	1,575	21,575
2013	<u>20,000</u>	<u>525</u>	<u>20,525</u>
	<u>\$100,000</u>	<u>\$13,125</u>	<u>\$113,125</u>

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2008

Note 7 Long-Term Debt (Continued) 1998A Special Assessment Bonds (Limited Tax)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2009	\$ 55,000	\$12,100	\$ 67,100
2010	55,000	9,900	64,900
2011	55,000	7,700	62,700
2012	55,000	5,500	60,500
2013	55,000	3,300	58,300
2014	<u>55,000</u>	<u>1,100</u>	<u>56,100</u>
	<u>\$330,000</u>	<u>\$39,600</u>	<u>\$369,600</u>

1998B Special Assessment Bonds (Limited Tax)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2009	\$ 50,000	\$12,285	\$ 67,285
2010	55,000	9,975	64,975
2011	55,000	7,665	62,665
2012	55,000	5,355	60,355
2013	55,000	3,150	58,150
2014	<u>50,000</u>	<u>1,050</u>	<u>51,050</u>
	<u>\$320,000</u>	<u>\$39,480</u>	<u>\$359,480</u>

2003 Special Assessment Bonds (Limited Tax)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2009	\$ 190,000	\$ 83,879	\$ 273,879
2010	195,000	77,860	272,860
2011	205,000	71,104	276,104
2012	215,000	63,754	278,754
2013	225,000	55,885	280,885
2014	235,000	47,313	282,313
2015	245,000	38,071	283,071
2016	260,000	28,093	288,093
2017	270,000	17,325	287,325
2018	<u>285,000</u>	<u>5,878</u>	<u>290,878</u>
	<u>\$2,325,000</u>	<u>\$489,162</u>	<u>\$2,814,162</u>

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2008

Note 7 Long-Term Debt (Continued) 2006 Special Assessment Bonds (Limited Tax)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2009	\$ 140,000	\$ 96,073	\$ 236,073
2010	135,000	91,191	226,191
2011	135,000	86,365	221,365
2012	140,000	81,398	221,398
2013	135,000	76,396	211,396
2014	135,000	71,469	206,469
2015	140,000	66,415	206,415
2016	135,000	61,294	196,294
2017	135,000	56,231	191,231
2018	140,000	51,005	191,005
2019	135,000	45,711	180,711
2020	135,000	40,514	175,514
2021	140,000	35,219	175,219
2022	135,000	29,892	164,892
2023	140,000	24,530	164,530
2024	135,000	19,100	154,100
2025	140,000	13,600	153,600
2026	135,000	8,100	143,100
2027	<u>135,000</u>	<u>2,700</u>	<u>137,700</u>
	<u>\$2,600,000</u>	<u>\$957,203</u>	<u>\$3,557,203</u>

The annual requirements to pay principal and interest on the long-term debt outstanding at March 31, 2008 are as follows:

<u>Fiscal Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008 - 2009	\$ 75,000	\$20,191	\$ 95,191
2009 - 2010	80,000	16,191	96,191
2010 - 2011	85,000	11,808	96,808
2011 - 2012	85,000	7,225	92,225
2012 - 2013	<u>90,000</u>	<u>2,460</u>	<u>92,460</u>
	<u>\$415,000</u>	<u>\$57,875</u>	<u>\$472,875</u>

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2008

Note 7 Long-Term Debt (Concluded)

<u>Fiscal Years</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008 - 2009	\$ 495,000	\$ 217,182	\$ 712,182
2009 - 2010	500,000	198,401	698,401
2010 - 2011	510,000	178,939	688,939
2011 - 2012	525,000	158,742	683,742
2012 - 2013	490,000	139,256	629,256
2013 - 2018	2,085,000	445,244	2,530,244
2018 - 2023	685,000	175,866	860,866
2023 - 2027	<u>545,000</u>	<u>43,500</u>	<u>588,500</u>
	<u>\$5,835,000</u>	<u>\$1,557,130</u>	<u>\$7,392,130</u>

Note 8 Property Taxes

The Township bills and collects its own property taxes and also taxes for the State of Michigan, County of Monroe, Airport Community School District, Huron Schools, Flat Rock Schools, Monroe County Community College, Monroe County Intermediate School District, and Wayne County Intermediate School District. Collections are accounted for in the Tax Collection Agency Fund. For the year ended March 31, 2008, the Township levied, on December 1, 2007, the following mills due and payable on February 14, 2008:

General Operating	0.8004
Fire Equipment	0.4974
Library Debt Service	<u>0.1750</u>
	<u>1.4728</u>

Taxable values, which amounted to \$308,142,511 represent a percent of the fair market value of the assessed properties on December 31, 2006. The Township also collected taxes on properties covered under industrial facilities exemptions which had a total taxable value of \$13,167,015.

For the year ended March 31, 2008, the Township also billed and retained \$89,944 as administrative fees for the above tax collection.

Note 9 Charges for Services

Charges for users of the Water and Sewer Enterprise Fund consist of the following:

Water and Sewer Enterprise Fund:

Maintenance Fee - A maintenance fee of \$6.00 per quarter is charged to each user (both Ash Township and Village of Carleton residents). This maintenance fee which replaced a prior debt service charge became effective November 1, 1997.

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2008

Note 9 Charges for Services (Concluded)

Metered Water Sales - A water charge is billed at rates established by the Township based on water consumption. Effective July 1, 2006, water rates were \$3.50 per 1,000 gallons with a minimum bill of \$35.00 (10,000 gallons per quarter).

Capital Recovery Fee - The capital recovery fee is based on whether or not an assessment was paid on the parcel. The fee is charged to each parcel requesting to tap into the water system plus a connection charge of \$2,000. If a parcel was never in an assessment district, the capital recovery charge is \$1,000. If connecting to an assessment district and the parcel was not part of the original district, the fee is equivalent to the cost of the district's assessment per parcel. Parcels on a private road and the developer connects the water line to an assessment district, the fee will be \$1,500.

Sewer Service Charges - A sewer charge for Village customers is billed at rates established by the Village of Carleton based on water consumption. For the year ended March 31, 2008, sewer rates were \$7.00 per 1,000 gallons. The sewer charge for Township customers is billed at rates established by Ash Township based on water consumption. Current sewer rates are \$7.65 per 1,000 gallons.

Sewer Connection Charge - Village of Carleton customers will be charged a sewer connection fee of \$2,500, plus a debt service charge as determined by the Village of Carleton, to each premise for a 6" connection to the sewer system. Where larger connections are desired, the connection charge shall be \$2,500 plus 125% of the additional cost and a debt service charge as determined by the Village of Carleton. For Township customers, a sewer connection charge of \$6,000 will be charged to each premise for a 6" connection to the sewer system. Larger connections will be charged \$6,000 plus 125% of the additional cost. For subdivisions the connection charge will be \$5,000 and a \$50 fee for each home connected.

Note 10 Collection Fees - Water and Sewer Fund

Billing and collection of sewerage service and the posting of customer accounts are performed by Ash Township for Village of Carleton sewage customers on a contractual basis. The Township charges 5% of the total collections as a fee for this service which amounted to \$22,353 for the 2007-2008 fiscal year.

Note 11 Employee's Pension Plan

Plan Description

Ash Township is in an agent multiple-employer defined benefit pension plan with the Municipal Employees Retirement System of Michigan (MERS), administered by the State of Michigan.

Benefit provisions and all other requirements are established by state statute and Township ordinance. All full-time Township employees are eligible to participate in MERS. Benefits vest after 10 years of service. Township employees who retire after age 60 with 10 years, age 55 with 15 years, and age 50 with 25 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of a members 5-year final average compensation. The system also provides disability retirement allowance, non duty death, and duty connected death allowance and post retirement adjustments.

The Municipal Employees Retirement System of Michigan issues a publically available financial report which may be obtained by writing to MERS, 1134 Municipal Way, Lansing, Michigan, 48917.

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2008

Note 11 Employee's Pension Plan (Concluded)

Funding Policy

General employees contribute 5.0% of their wages to the plan which amounted to \$5,484 for the fiscal year ending March 31, 2008. The Township is required to contribute the remaining amounts necessary to fund the system, using the actuarial basis specified by State statute. The Township's annual required contribution was \$44,095 (\$19,095 required contribution plus an additional catch-up payment of \$25,000 for benefit change in the plan) for the fiscal year ending March 31, 2008 (21.36% of covered payroll). The contribution requirements of plan members and the Township are established by the Township and by the MERS Board of Trustees.

Annual Pension Cost

For the fiscal year ending March 31, 2008, the Township's annual pension cost of \$44,095 for the plan was equal to the Township's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age normal cost method. Significant actuarial assumptions include (a) 8.0% investment rate of return, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0% to 8.40%, depending on age, attributable to seniority/merit and, (d) assumptions that benefits will increase after retirement.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The Township's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 30 years.

Three-year Trend Information

Fiscal Year Ending	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
03/31/06	\$ 5,510	100%	\$ -
03/31/07	18,571	100%	-
03/31/08	44,095	100%	-

	Valuation Ended December 31,		
	2004	2005	2006
Actuarial value of assets	\$198,854	\$191,313	\$193,728
Actuarial accrued liability (entry age)	349,018	359,912	421,329
Unfunded AAL	150,164	168,599	227,601
Funded ratio	57%	53.2%	46.0%
Annual payroll	80,369	79,109	75,070
UAAL as a percentage of annual covered payroll	187%	213%	303%

Note 12 Building Department

The Township tracks building permit fees and their related costs in the General Fund. Fees for the fiscal year ending March 31, 2008 of \$83,581 did not exceed the related costs and administrative overhead.

Note 13 Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The Township has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

ASH TOWNSHIP

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended March 31, 2008

	Budgeted Amounts		Actual	Positive (Negative) Budget
	Original	Final		
Revenues				
Taxes:				
Property taxes	\$240,000	\$240,000	\$252,043	\$12,043
Trailer park taxes	2,500	2,500	2,703	203
Administrative fee	70,000	70,000	89,944	19,944
Penalties and interest on tax	8,000	8,000	4,761	(3,239)
	<u>320,500</u>	<u>320,500</u>	<u>349,451</u>	<u>28,951</u>
Licenses and permits:				
Business licenses and permits	18,000	21,000	20,028	(972)
Non-business licenses and permits	118,000	115,000	67,986	(47,014)
Site plan/land use fees	25,000	25,000	8,895	(16,105)
Rezoning fees	4,000	4,000	4,200	200
Zoning board fees	4,000	4,000	2,500	(1,500)
	<u>169,000</u>	<u>169,000</u>	<u>103,609</u>	<u>(65,391)</u>
State grants:				
State shared revenue	320,000	320,000	342,430	22,430
Other grants	0	0	13,550	13,550
	<u>320,000</u>	<u>320,000</u>	<u>355,980</u>	<u>35,980</u>
Charges for services:				
Land splits	2,000	2,000	1,075	(925)
Interest	45,500	45,500	126,518	81,018
Other revenue:				
Streetlight assessments	3,600	3,600	3,270	(330)
Cemetery plots	400	400	0	(400)
Other revenue	29,500	64,500	24,406	(40,094)
	<u>33,500</u>	<u>68,500</u>	<u>27,676</u>	<u>(40,824)</u>
Total Revenues	890,500	925,500	964,309	38,809
Expenditures				
Legislative:				
Township board	23,800	54,800	56,009	(1,209)
General government:				
Supervisor	30,980	17,480	17,070	410
Elections	20,500	16,500	15,345	1,155
Audit	9,000	9,000	9,000	0
Assessor	58,500	58,500	58,446	54
Legal fees	25,000	25,000	19,834	5,166

ASH TOWNSHIP

General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual Year Ended March 31, 2008

	Budgeted Amounts			Positive (Negative) Budget
	Original	Final	Actual	
Expenditures (Concluded)				
General government (Concluded):				
Clerk	\$41,125	\$41,125	\$37,736	\$3,389
Treasurer	36,555	36,555	31,487	5,068
Township hall and grounds	42,500	39,500	43,377	(3,877)
General administration	13,000	12,500	11,752	748
Building department	148,500	97,400	97,838	(438)
	<u>425,660</u>	<u>353,560</u>	<u>341,885</u>	<u>11,675</u>
Public safety:				
Fire department	232,900	226,900	222,014	4,886
Public works:				
Street lights	12,500	13,300	13,102	198
Roads and drains	<u>324,000</u>	<u>459,500</u>	<u>465,623</u>	<u>(6,123)</u>
	<u>336,500</u>	<u>472,800</u>	<u>478,725</u>	<u>(5,925)</u>
Recreation and cultural:				
Senior citizens	4,500	4,500	4,500	0
Historical society	2,500	2,500	235	2,265
Engineering study	2,000	2,000	8,251	(6,251)
Park commission	0	0	15,000	(15,000)
Library	31,500	31,500	36,657	(5,157)
Playscape	75,000	75,000	75,543	(543)
Baseball field	<u>240,000</u>	<u>232,300</u>	<u>212,525</u>	<u>19,775</u>
	<u>355,500</u>	<u>347,800</u>	<u>352,711</u>	<u>(4,911)</u>
Other:				
Insurance	55,000	55,000	47,296	7,704
Social security	8,000	15,000	13,790	1,210
Other	41,000	20,000	26,006	(6,006)
Contingency	<u>25,000</u>	<u>25,000</u>	<u>0</u>	<u>25,000</u>
	<u>129,000</u>	<u>115,000</u>	<u>87,092</u>	<u>27,908</u>
Total Expenditures	<u>1,503,360</u>	<u>1,570,860</u>	<u>1,538,436</u>	<u>32,424</u>
Net Change in Fund Balance	<u>(612,860)</u>	<u>(645,360)</u>	<u>(574,127)</u>	<u>6,385</u>
Fund Balance - Beginning of year	<u>612,860</u>	<u>645,360</u>	<u>2,665,327</u>	<u>2,019,967</u>
Fund Balance - End of year	<u>\$0</u>	<u>\$0</u>	<u>\$2,091,200</u>	<u>\$2,026,352</u>

ASH TOWNSHIP

Fire Equipment Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended March 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property taxes	\$157,500	\$157,500	\$156,619	(\$881)
Interest	<u>15,000</u>	<u>15,000</u>	<u>33,344</u>	<u>18,344</u>
Total Revenue	172,500	172,500	189,963	17,463
Expenditures				
Public safety:				
Equipment	<u>201,000</u>	<u>201,000</u>	<u>2,529</u>	<u>198,471</u>
Net Change in Fund Balance	(28,500)	(28,500)	187,434	215,934
Fund Balance - Beginning of year	<u>28,500</u>	<u>28,500</u>	<u>754,739</u>	<u>726,239</u>
Fund Balance - End of year	<u>\$0</u>	<u>\$0</u>	<u>\$942,173</u>	<u>\$942,173</u>

ASH TOWNSHIP

Nonmajor Governmental Funds Combining Balance Sheet March 31, 2008

	Special Revenue Fund	Debt Service Fund	
	Budget Stabilization	Library Debt Service	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	\$0	\$96,509	\$96,509
Certificate of deposit	45,000	0	45,000
Receivables:			
Property taxes	0	3,740	3,740
Total Assets	\$45,000	\$100,249	\$145,249
Total Liabilities and Fund Balances			
Liabilities			
Total Liabilities	\$0	\$0	\$0
Fund Balances			
Reserved for debt service	0	100,249	100,249
Unreserved - undesignated	45,000	0	45,000
Total Fund Balances	45,000	100,249	145,249
Total Liabilities and Fund Balances	\$45,000	\$100,249	\$145,249

ASH TOWNSHIP

Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Year Ended March 31, 2008

	Special Revenue Fund	Debt Service Fund	
	Budget Stabilization	Library Debt Service	Total Nonmajor Governmental Funds
Revenues			
Property taxes	\$0	\$54,662	\$54,662
Interest and penalties	0	2,325	2,325
Total Revenues	0	56,987	56,987
Expenditures			
Debt service	0	62,985	62,985
Total Expenditures	0	62,985	62,985
Net Change in Fund Balances	0	(5,998)	(5,998)
Fund Balances - Beginning of year	45,000	106,247	151,247
Fund Balances - End of year	\$45,000	\$100,249	\$145,249

ASII TOWNSHIP

Budget Stabilization Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended March 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning of year	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>0</u>
Fund Balance - End of year	<u>\$45,000</u>	<u>\$45,000</u>	<u>\$45,000</u>	<u>\$0</u>

ASH TOWNSHIP

Library Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended March 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property taxes	\$67,500	\$67,500	\$54,662	(\$12,838)
Interest income	<u>1,000</u>	<u>1,000</u>	<u>2,325</u>	<u>1,325</u>
Total Revenues	68,500	68,500	56,987	(11,513)
Expenditures				
Debt Service:				
Bond principal	45,000	45,000	45,000	0
Bond interest	20,000	20,000	17,585	2,415
Miscellaneous	<u>3,500</u>	<u>3,500</u>	<u>400</u>	<u>3,100</u>
Total Expenditures	<u>68,500</u>	<u>68,500</u>	<u>62,985</u>	<u>5,515</u>
Net Change in Fund Balance	0	0	(5,998)	(5,998)
Fund Balance - Beginning of year	<u>0</u>	<u>0</u>	<u>106,247</u>	<u>106,247</u>
Fund Balance - End of year	<u>\$0</u>	<u>\$0</u>	<u>\$100,249</u>	<u>\$100,249</u>

ASH TOWNSHIP

Tax Collection Agency Fund Statement of Changes in Assets and Liabilities March 31, 2008

	Balance April 1, 2007	Additions	Deductions	Balance March 31, 2008
Assets				
Cash	\$33,770	\$9,257,076	\$9,272,142	\$18,704
Accounts receivable	0	15,483	15,483	0
Total Assets	<u>\$33,770</u>	<u>\$9,272,559</u>	<u>\$9,287,625</u>	<u>\$18,704</u>
Liabilities				
Due to State of Michigan	\$203	\$1,844,743	\$1,843,053	\$1,893
Due to Monroe County	3,144	3,326,526	3,326,321	3,349
Due to school districts	177	3,032,839	3,032,303	713
Due to other governmental units	30,237	1,041,929	1,059,475	12,691
Due to others	9	11,039	10,990	58
Trailer taxes	0	15,483	15,483	0
Total Liabilities	<u>\$33,770</u>	<u>\$9,272,559</u>	<u>\$9,287,625</u>	<u>\$18,704</u>

ASII TOWNSHIP

Water and Sewer Fund

Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets Years Ended March 31, 2008

	2008	2007
Operating Revenues		
Charges for services:		
Metered water sales	\$1,059,963	\$1,018,792
Sewer service charges	119,688	113,779
Maintenance fees	92,969	78,669
Water connection fees	231,625	133,000
Collection fees	22,353	18,016
	<u>1,526,598</u>	<u>1,362,256</u>
Penalties	13,277	10,896
Other revenue	<u>18,470</u>	<u>20,460</u>
Total Operating Revenues	1,558,345	1,393,612
Operating Expenses		
Sources of supply:		
Wages	7,723	12,123
Contracted services	95,660	103,524
Utilities	9,214	13,211
Operating supplies	15,953	46,520
Water purchase	411,269	414,063
Depreciation	<u>24,005</u>	<u>23,119</u>
	563,824	612,560
Water transportation:		
Wages	52,284	57,220
Contracted services	121,048	98,062
Operating supplies	44,589	53,055
Engineering fees	8,584	24,816
Depreciation	<u>220,713</u>	<u>221,474</u>
	447,218	454,627
Sewer transportation:		
Wages	3,583	3,014
Contracted services	10,266	700
Operating supplies	1,119	2,035
Depreciation	<u>22,242</u>	<u>22,242</u>
	37,210	27,991
Meter maintenance:		
Wages	6,713	9,270
Contracted services	1,871	0
Operating supplies	24,968	16,649
Depreciation	<u>765</u>	<u>765</u>
	34,317	26,684

ASH TOWNSHIP

Water and Sewer Fund

Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets Years Ended March 31, 2008

	2008	2007
Operating Expenses		
Office and administration:		
Wages	\$84,499	\$73,388
Fringe benefits	18,855	21,056
Retirement	44,101	18,571
Contracted services	15,616	8,547
Professional fees	13,934	11,484
Office supplies and maintenance	17,622	13,117
Telephone	3,950	3,326
	<u>198,577</u>	<u>149,489</u>
 Total Operating Expenses	 <u>1,281,146</u>	 <u>1,271,351</u>
 Net Operating Income (Loss)	 277,199	 122,261
Non-Operating Revenues (Expenses)		
Special assessments	0	2,636,452
Capital recovery fees	55,195	66,000
Meter rental fees	4,375	2,750
Hydrant rental fees	2,590	2,400
Interest	443,561	377,350
Other	(337)	(1,897)
Interest expense	(227,471)	(190,588)
Paying agent fees	(1,952)	(1,729)
Amortization	(1,950)	(813)
	<u>274,011</u>	<u>2,889,925</u>
 Total Non-Operating Revenues (Expenses)	 <u>274,011</u>	 <u>2,889,925</u>
 Change in Net Assets	 551,210	 3,012,186
 Net Assets - Beginning of year	 <u>17,343,523</u>	 <u>14,331,337</u>
 Net Assets - End of year	 <u>\$17,894,733</u>	 <u>\$17,343,523</u>



**COOLEY HEHL
WOHLGAMUTH & CARLTON**
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Township Board
Ash Township
Carleton, Michigan 48117

In planning and performing our audit of the financial statements of Ash Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness.

Financial Statements

The Township does not have procedures in place to prepare financial statements in accordance with accounting principles generally accepted in the United States of America, including procedures to record accruals for revenues and expenditures, to track changes in capital assets, and to present required financial statement disclosures.

The following comment is not a significant deficiency or a material weakness but is a suggestion to improve your existing accounting and control systems.

Certificates of Deposit

During the audit, we noted that documentation for General Fund certificate of deposits and interest income was difficult to locate. Proper documentation provides the support to reconcile to the general ledger. We suggest that the Township record the certificate of deposit activity on a spreadsheet or ledger sheet to easily reconcile to the general ledger.

Township Board
Ash Township

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This communication is intended solely for the information and use of the Township Board, management, others within the Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Cooley Hehl Wohlgamuth & Carlton

June 18, 2008